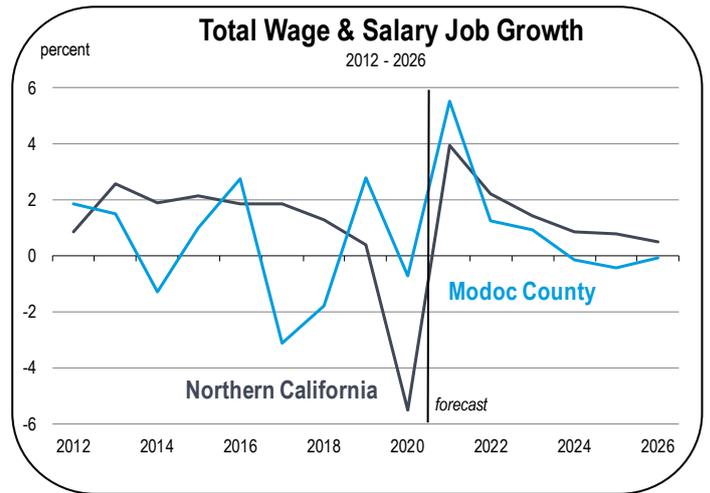


Modoc County Economic Forecast

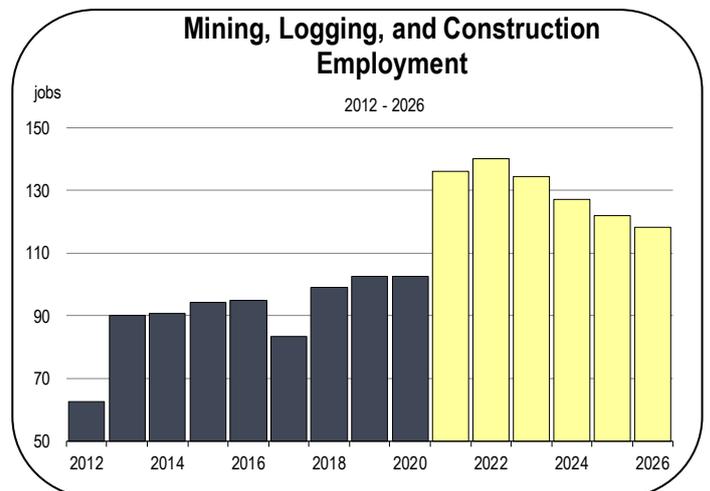
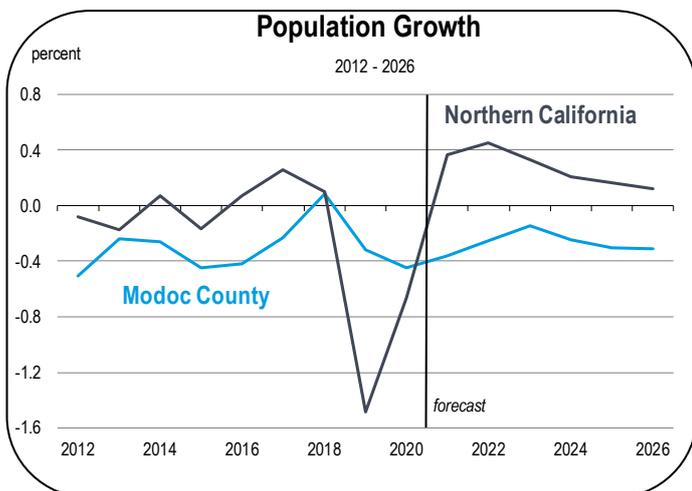
Forecast Summary

- The Coronavirus Recession had a minimal impact on the Modoc County labor market.
- Total employment declined by less than 1 percent in 2020, placing Modoc County among the most economically resilient counties of California during the recession.
- On an annual average basis, approximately 100 jobs will be generated in Modoc County in 2021, a gain of almost 6 percent.
- Job growth will decelerate over the remainder of the forecast period, and the county may begin to lose jobs before 2026.
- The unemployment rate averaged 8.6 percent in 2020. It is forecast to average 6.4 percent in 2021 and 5.8 percent in 2022.
- The median home price increased by 11 percent in 2020. Home prices are expected to increase by another 11 percent in 2021 and by 5 percent in 2022.
- Despite rapidly rising prices, Modoc County homes are still highly affordable. In 2020, the median price was just \$85,700.
- The Modoc County population will decline over the 2021-2026 forecast period.
- There is a high probability that the population will continue to decline through 2030 or later, creating the conditions for economic stagnation.

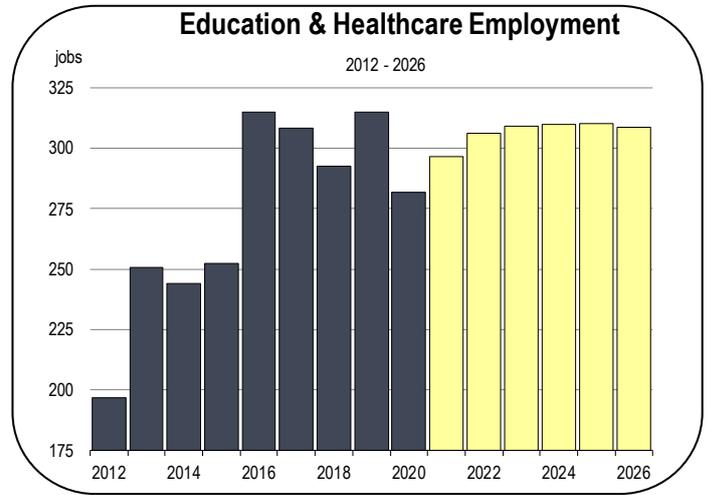
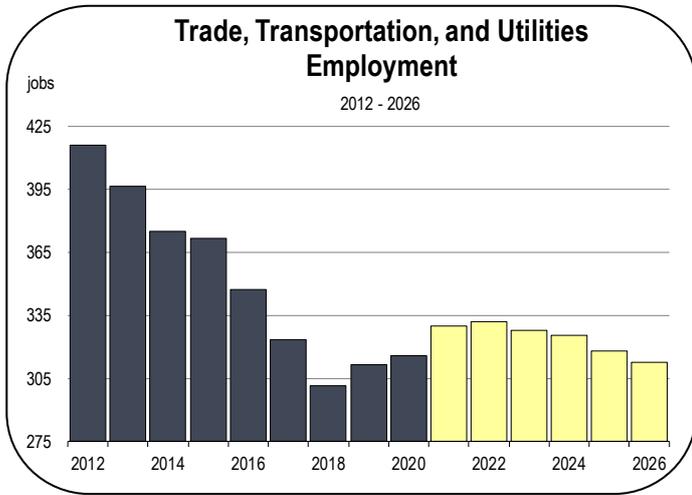


Mining, Logging, and Construction Employment

- Construction employment will expand sharply in 2021 as housing production accelerates and as a meaningful number of non-residential construction projects break ground.
- Modoc County has a prominent timber industry, but timber production has been declining in recent years.
- The timber industry now produces approximately \$4 million in output each year, which is down from \$13 million just a few years ago.
- Over the 2021-2026 forecast period, job losses in timber production will be offset by gains in construction.



Modoc County Economic Forecast

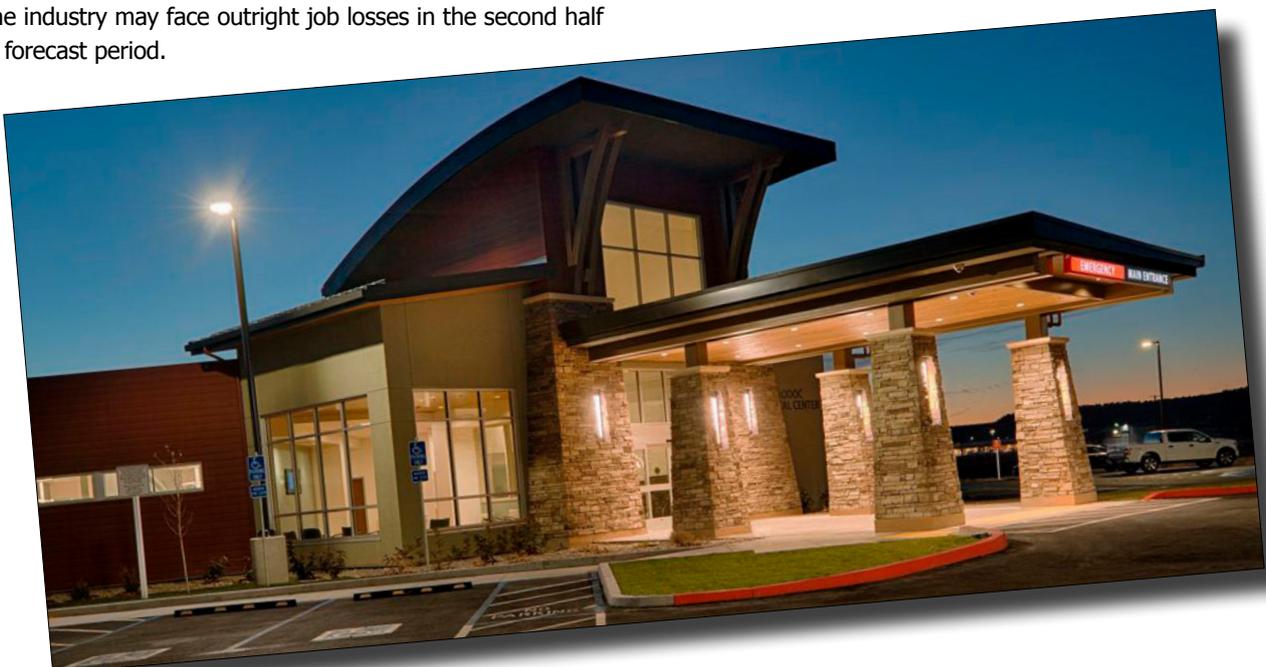


Trade, Transportation, and Utilities Employment

- The trade, transportation, and utilities industry has a diverse range of firms, including:
 - Retail stores
 - Wholesale companies
 - Trucking and delivery firms
 - Warehousing and storage facilities
 - Electricity providers (including Surprise Valley Electric) and water providers (including Newell County Water District)
- The trade, transportation, and utilities industry is expected to gain a small number of jobs in 2021, but the industry is under pressure from population decline and the transition to online shopping.
- Beginning in 2022 or 2023, employment growth will decelerate and the industry may face outright job losses in the second half of the forecast period.

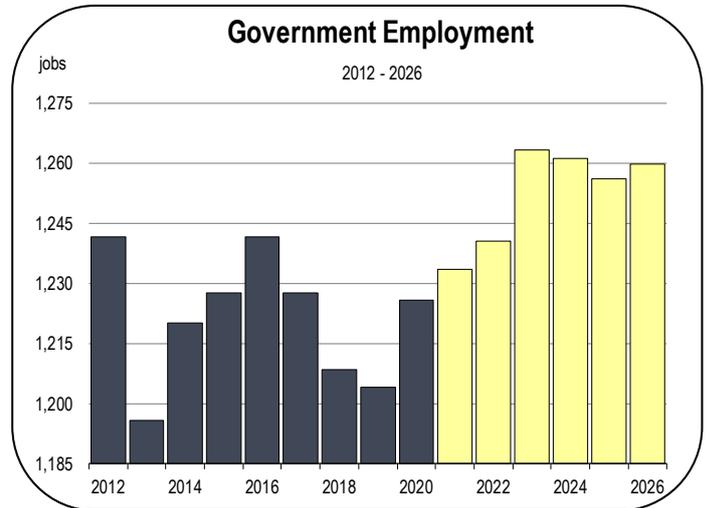
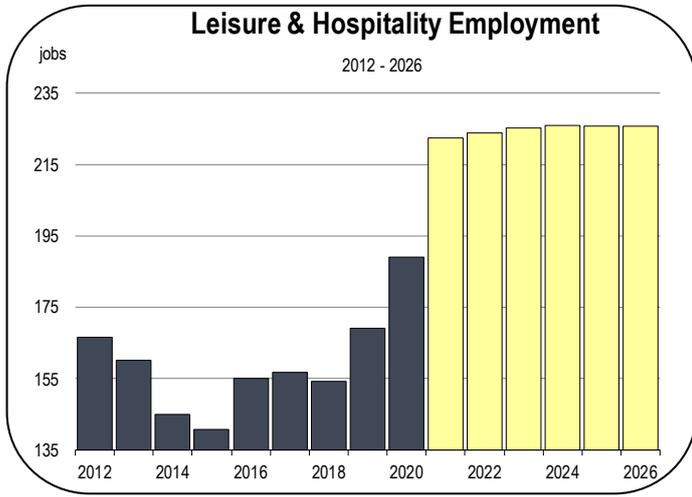
Private Education and Healthcare Employment

- A large share of the local economy is represented by hospitals and healthcare facilities. Healthcare is the third largest employment sector in the county, behind only government and agriculture.
- The largest healthcare employer is Modoc Medical Center, which has more than 100 workers at its hospital in Alturas.
- Modoc Medical Center completed construction on a new facility in September 2020, which includes a 10,500 square foot hospital, a medical office building, and an outpatient clinic. The new facility should allow it to expand its employee headcount.
- In Modoc County, there very few jobs in private educational institutions. Most teachers and education administrators work in the government sector.



Modoc Medical Center

Modoc County Economic Forecast



Leisure and Hospitality Employment

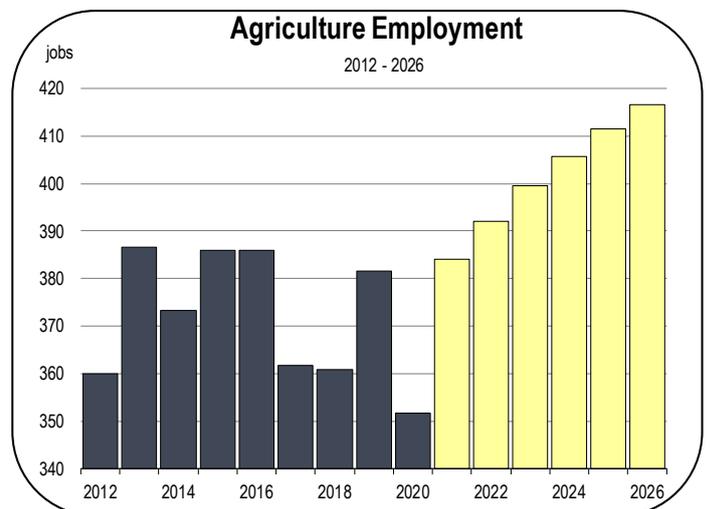
- In Modoc County, the Coronavirus Recession did not meaningfully impact employment in the leisure and hospitality sector.
- The industry actually expanded in 2020, adding approximately 20 jobs.
- The most prominent tourist attraction in Modoc County is the array of outdoor recreation opportunities, including Lava Beds National Monument.
- Lava Beds National Monument has a variety of volcanic terrain that can accommodate hiking and camping, and it has underground caves that are accessible to visitors.
- Additional leisure and hospitality jobs will be created in 2021 and employment levels will be stable for the remainder of the forecast period.

Government Employment

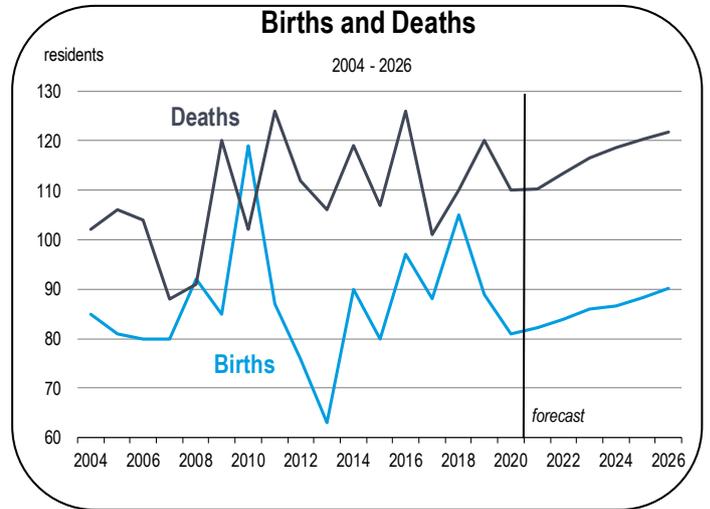
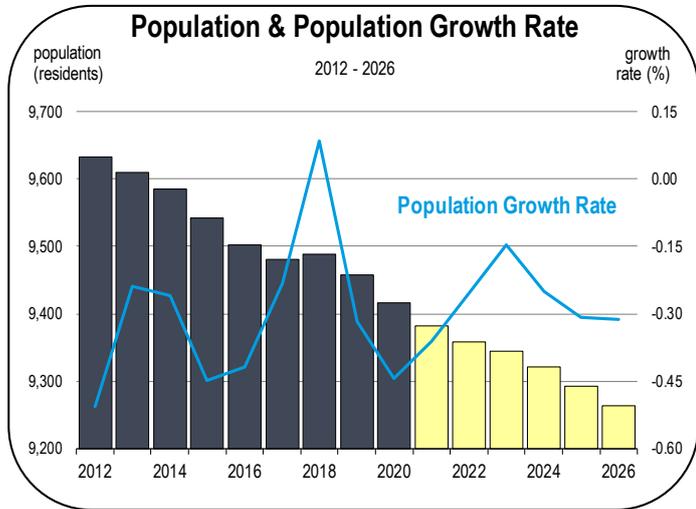
- Government is the largest employer in Modoc County, representing 50 percent of all wage and salary jobs.
- The largest government agencies are the local school districts and the US Forest Service, which has several outposts in the county.
- Government employment should expand by a few dozen jobs during the forecast period.

Agriculture Employment

- Agriculture is the second largest employment sector in Modoc County, behind only government.
- The most prominent agricultural commodities in Modoc County are hay, potatoes, bees, honey, and livestock.
- Farms and other agriculture companies are expected to create more jobs than any other industry by 2026, with total employment approaching 420 jobs.



Modoc County Economic Forecast

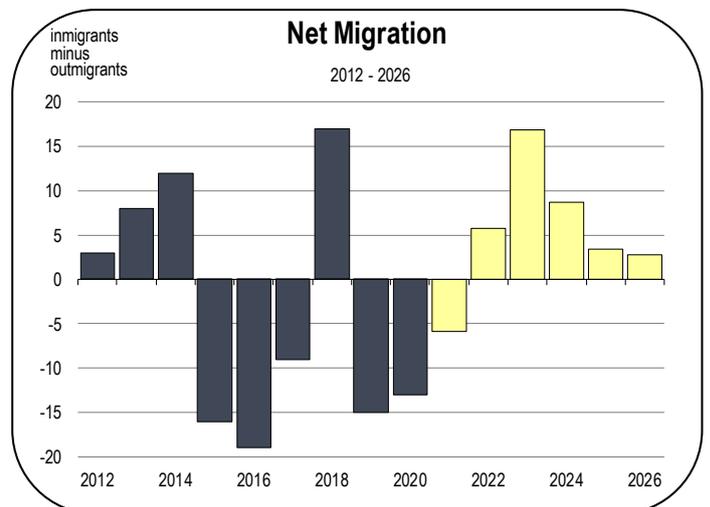
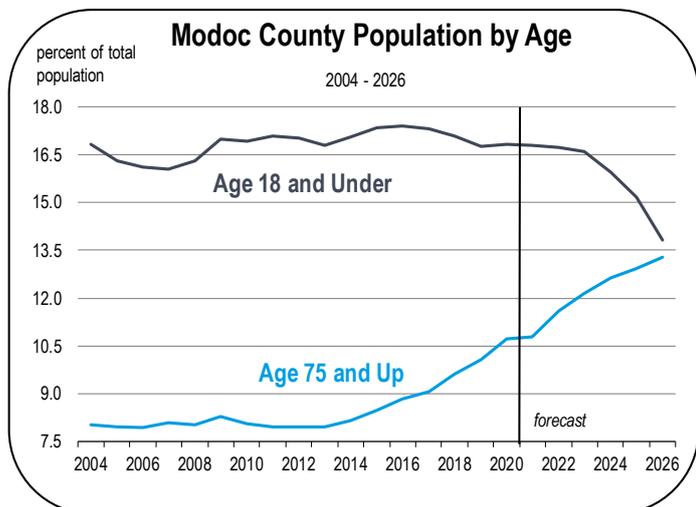


Population Growth

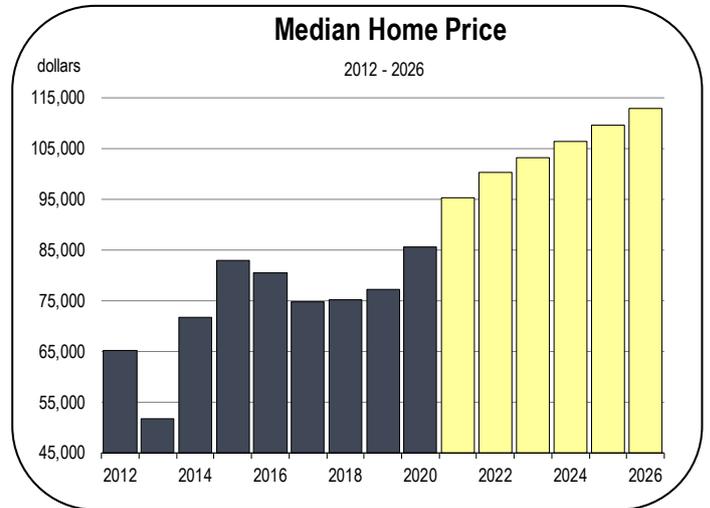
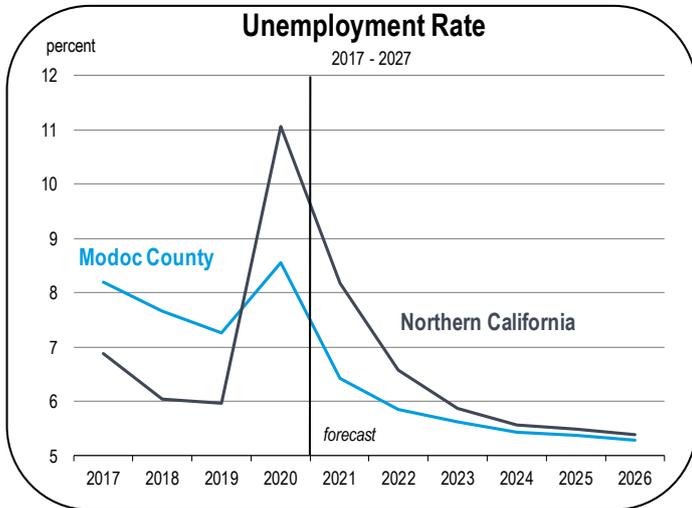
- The Modoc County population has declined relatively consistently since 2011, when it had almost 9,700 residents.
- As of 2020, Modoc County had 9,416 residents.
- Modoc County's population is much older than the statewide average. By 2026, the number of residents age 75 and older will be approximately equal to the number of residents age 18 and under, which is an unusual scenario that has implications for the local economy.
- Because Modoc County has a high share of residents aged 75 and older, the number of deaths has begun to exceed the number of births.
- Between 2015 and 2020, there were 134 more deaths than births, which contributed to overall population decline. Between 2021

and 2026, there are expected to be approximately 185 more deaths than births.

- Between 2021 and 2026, the number of people moving into Modoc County is expected to exceed the number of residents moving out of the County, but because deaths will exceed births, the overall population will still decline.
- Sustained population loss will put Modoc County at risk of economic stagnation.
- A declining population can reduce the number of consumers for local businesses, lead to lower demand for school teachers and government services, and constrain tax revenues.
- Over the long term (through 2030), the local labor market is not expected to generate a meaningful number of jobs, and there is a high probability that population decline will contribute to a shrinking job market.



Modoc County Economic Forecast

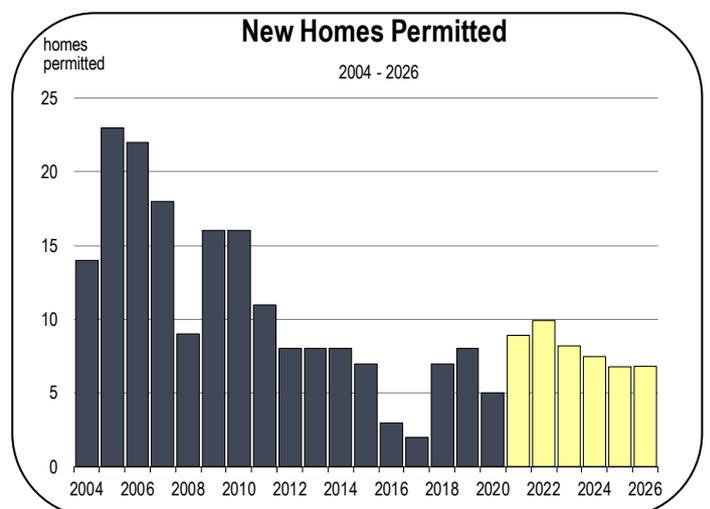
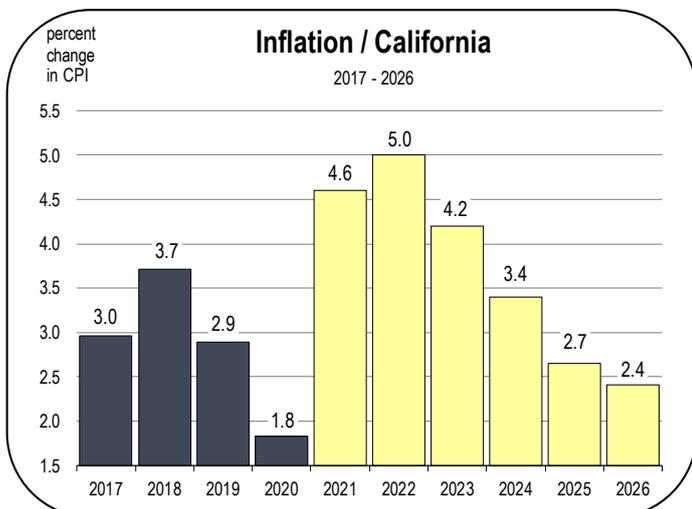


Unemployment and Inflation Rates

- The unemployment rate in Modoc County averaged 8.6 percent in 2020. The unemployment rate is expected to average 6.4 percent in 2021 and 5.8 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged. It soared in 2021 and is expected to remain elevated for several years.
- Ultimately, inflation will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020, the median home price in Modoc County was \$85,700.
- The median price is expected to reach \$100,000 by 2022 and approach \$115,000 by 2026.
- Homes in Modoc County are much more affordable than homes in many other parts of California. In Modoc County, the typical household spends less than 20 percent of its income on housing costs. In Coastal California, households often spend 35-50 percent on mortgage payment or rent.
- From 2015 to 2020, a total of 32 new homes were built in Modoc County. All were single-family homes.
- Housing production is expected to total 40 to 60 units from 2021 to 2026, consisting entirely of single-family homes.



Modoc County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (millions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	9,542	4.0	-16	7	13.4	\$411	\$42	\$94	\$12	\$49,343	8.7	\$169	1.4
2016	9,502	4.0	-19	3	13.6	\$410	\$42	\$94	\$12	\$48,315	7.9	\$190	2.3
2017	9,480	4.0	-9	2	13.5	\$409	\$40	\$89	\$12	\$46,833	8.2	\$168	3.0
2018	9,488	3.9	17	7	13.5	\$417	\$37	\$78	\$11	\$46,066	7.7	\$168	3.7
2019	9,458	3.9	-15	8	13.8	\$451	\$38	\$84	\$11	\$48,577	7.3	\$186	2.9
2020	9,416	3.9	-13	5	13.8	\$484	\$54	\$110	\$11	\$51,424	8.6	\$192	1.8
2021	9,382	3.9	-6	9	13.9	\$481	\$42	\$93	\$14	\$49,871	6.4	\$203	4.6
2022	9,358	3.9	6	10	14.1	\$495	\$43	\$96	\$14	\$49,984	5.8	\$210	5.0
2023	9,345	3.9	17	8	14.3	\$516	\$44	\$98	\$14	\$51,008	5.6	\$218	4.2
2024	9,321	3.9	9	7	14.5	\$538	\$44	\$100	\$13	\$51,981	5.4	\$225	3.4
2025	9,293	3.9	3	7	14.7	\$559	\$44	\$102	\$13	\$52,929	5.4	\$231	2.7
2026	9,264	3.9	3	7	14.8	\$579	\$44	\$103	\$13	\$53,838	5.3	\$236	2.4
2027	9,236	3.9	4	7	15.0	\$599	\$44	\$105	\$13	\$54,674	5.4	\$241	2.2
2028	9,210	3.9	5	7	15.1	\$619	\$44	\$107	\$13	\$55,451	5.6	\$245	2.3
2029	9,185	3.9	6	7	15.2	\$638	\$44	\$109	\$13	\$55,983	5.8	\$249	2.2
2030	9,163	3.9	7	7	15.4	\$657	\$44	\$111	\$13	\$56,600	5.9	\$252	2.2
2031	9,142	3.9	7	7	15.5	\$677	\$45	\$113	\$13	\$57,230	6.0	\$256	2.3
2032	9,124	3.9	7	7	15.6	\$698	\$45	\$115	\$13	\$57,741	6.2	\$258	2.2
2033	9,109	3.9	6	7	15.7	\$718	\$45	\$117	\$13	\$58,444	6.3	\$261	2.0
2034	9,095	3.9	6	7	15.8	\$740	\$45	\$119	\$13	\$59,073	6.4	\$263	2.1
2035	9,084	3.9	6	7	15.9	\$763	\$45	\$121	\$13	\$59,685	6.4	\$266	2.1
2036	9,073	3.9	5	7	16.0	\$788	\$46	\$124	\$13	\$60,100	6.4	\$268	2.2
2037	9,062	3.9	5	7	16.1	\$813	\$46	\$127	\$13	\$60,442	6.4	\$269	2.2
2038	9,051	4.0	5	7	16.2	\$838	\$46	\$129	\$13	\$60,851	6.4	\$271	2.2
2039	9,040	4.0	5	7	16.2	\$864	\$46	\$132	\$13	\$61,168	6.4	\$272	2.2
2040	9,028	4.0	4	7	16.3	\$890	\$47	\$135	\$13	\$61,549	6.4	\$274	2.1
2041	9,016	4.0	4	7	16.4	\$917	\$47	\$138	\$13	\$62,116	6.4	\$275	2.2
2042	9,006	4.0	3	7	16.5	\$944	\$47	\$140	\$13	\$62,715	6.4	\$276	2.1
2043	8,995	4.0	3	7	16.5	\$972	\$47	\$143	\$13	\$63,345	6.4	\$277	2.0
2044	8,985	4.0	3	7	16.6	\$999	\$47	\$145	\$13	\$64,068	6.4	\$278	2.2
2045	8,975	4.0	3	7	16.6	\$1,028	\$48	\$147	\$13	\$64,763	6.4	\$279	2.2
2046	8,966	4.0	2	7	16.7	\$1,058	\$48	\$150	\$14	\$65,388	6.4	\$280	2.2
2047	8,957	4.0	2	7	16.7	\$1,088	\$48	\$153	\$14	\$65,893	6.4	\$281	2.2
2048	8,950	4.0	2	7	16.8	\$1,120	\$48	\$156	\$14	\$66,336	6.4	\$281	2.3
2049	8,943	4.0	2	7	16.8	\$1,152	\$49	\$159	\$14	\$66,924	6.4	\$282	2.0
2050	8,937	4.0	2	7	16.8	\$1,185	\$49	\$162	\$14	\$67,479	6.4	\$283	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Mining, Logging, and Construction	Trade, Transportation, and Utilities (jobs)	Healthcare and Education	Leisure and Hospitality	Government
2015	2,470	386	94	372	253	141	1,228
2016	2,540	386	95	348	315	155	1,242
2017	2,460	362	83	323	308	157	1,228
2018	2,420	361	99	302	293	154	1,208
2019	2,480	382	103	312	315	169	1,204
2020	2,470	352	103	316	282	189	1,226
2021	2,600	384	136	330	297	222	1,234
2022	2,630	392	140	332	306	224	1,241
2023	2,660	400	134	328	309	225	1,263
2024	2,660	406	127	325	310	226	1,261
2025	2,640	411	122	318	310	226	1,256
2026	2,640	417	118	313	309	226	1,260
2027	2,650	421	116	308	310	224	1,267
2028	2,650	425	115	305	310	223	1,276
2029	2,660	429	115	302	311	222	1,284
2030	2,670	433	114	300	313	222	1,293
2031	2,680	436	113	297	315	222	1,300
2032	2,690	438	113	295	318	221	1,307
2033	2,700	441	113	292	320	220	1,313
2034	2,710	443	113	291	323	220	1,319
2035	2,720	445	113	291	326	218	1,324
2036	2,730	447	113	290	330	219	1,328
2037	2,730	449	113	289	334	218	1,332
2038	2,740	450	113	288	338	217	1,335
2039	2,750	452	113	287	343	215	1,338
2040	2,750	453	113	286	346	214	1,340
2041	2,760	454	113	285	350	213	1,342
2042	2,760	455	113	284	352	212	1,343
2043	2,760	456	113	283	354	210	1,344
2044	2,760	457	113	283	356	208	1,345
2045	2,760	458	113	282	358	207	1,345
2046	2,760	459	113	281	359	206	1,345
2047	2,760	460	113	280	360	205	1,346
2048	2,760	460	113	280	361	204	1,345
2049	2,760	461	112	279	361	202	1,345
2050	2,760	462	112	278	361	200	1,345

Modoc County Economic Forecast

Socioeconomic Indicators

